

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 265 - SB 890

March 17, 2013

**SUMMARY OF BILL:** Prohibits the Department of Children's Services (DCS) from reducing the initial amount of a grant or contract for services related to prevention, treatment, or care of delinquent juveniles that is subject to performance requirements or incentives and prohibits DCS from imposing financial penalties on such grant or contract recipients based on performance requirements.

**ESTIMATED FISCAL IMPACT:**

**Increased State Expenditures – Exceeds \$1,000,000**

Assumptions:

- According to DCS, performance-based contracting is required under the *Brian A.* settlement concerning the state's foster care system. The state enters into performance-based contracts with providers of services related to prevention, treatment, or care of delinquent juveniles.
- According to DCS, prohibiting reduction of initial grant or contract amounts in performance-based contracting and the use of financial penalties will result in a recurring state expenditures. The state collects obligations owed through withholding of funds paid to providers.
- According to DCS, the current amount owed to the state by providers of juvenile care is \$2,703, 578.06.
- It is estimated that the state will be owed at least \$1,000,000 in reduced grant and contract amounts and penalties related to performance-based contracts with providers during a fiscal year.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise".

Lucian D. Geise, Executive Director

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